



# CEO REPORT

February 6, 2020

# FEBRUARY BOARD MEETING STRATEGIC / SIGNIFICANT ITEMS

## FOR APPROVAL:

- Power Purchase Agreement with LI Solar Generation
- Authorizations related to Letters of Credit and Other Bank Products

## FOR COMMITTEE:

- 2019 Work Plan Accomplishments
- 2020 Work Plan



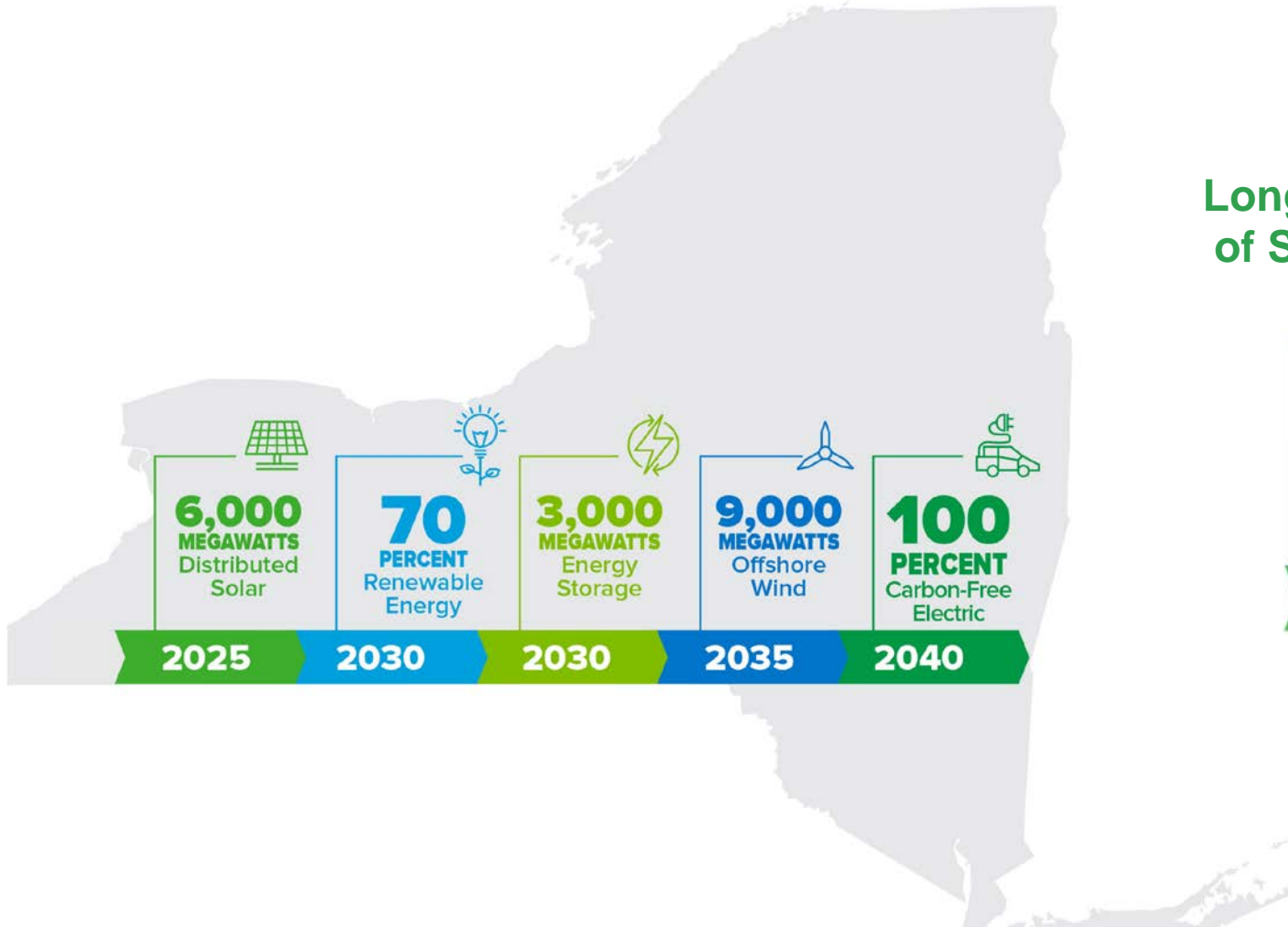
# NEW SOLAR FARM ON LONG ISLAND TO POWER 4,200+ HOMES

- **22.9** megawatts (MW)
- Commercial Operation: **December 2020**
- Powering **4,200+** homes
- Developed by: **Long Island Solar Generation, LLC**, a joint venture between NextEra Energy Resources and National Grid Ventures
- Location: **Calverton**, Town of Riverhead
- Cost to Average Residential Customer: **16 cents** per month

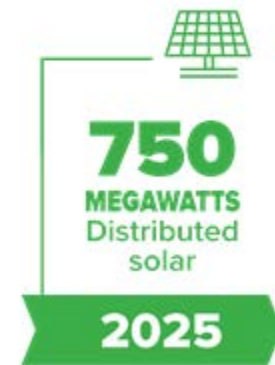


LIPA pipeline of over 187MW of utility-scale solar projects with 106MW in service and 81MW under development\*

# MEETING NEW YORK'S CLEAN ENERGY GOALS

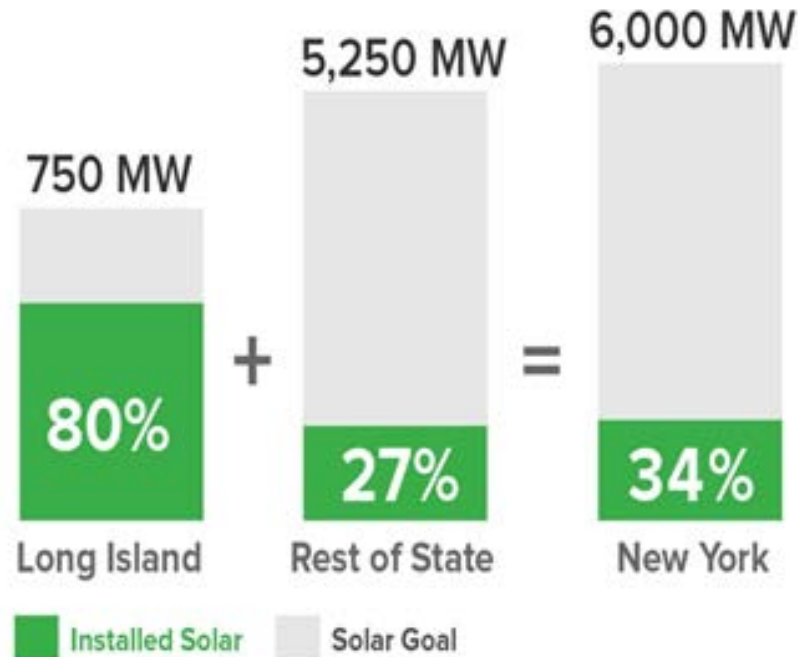


## Long Island's Share of Statewide Goals



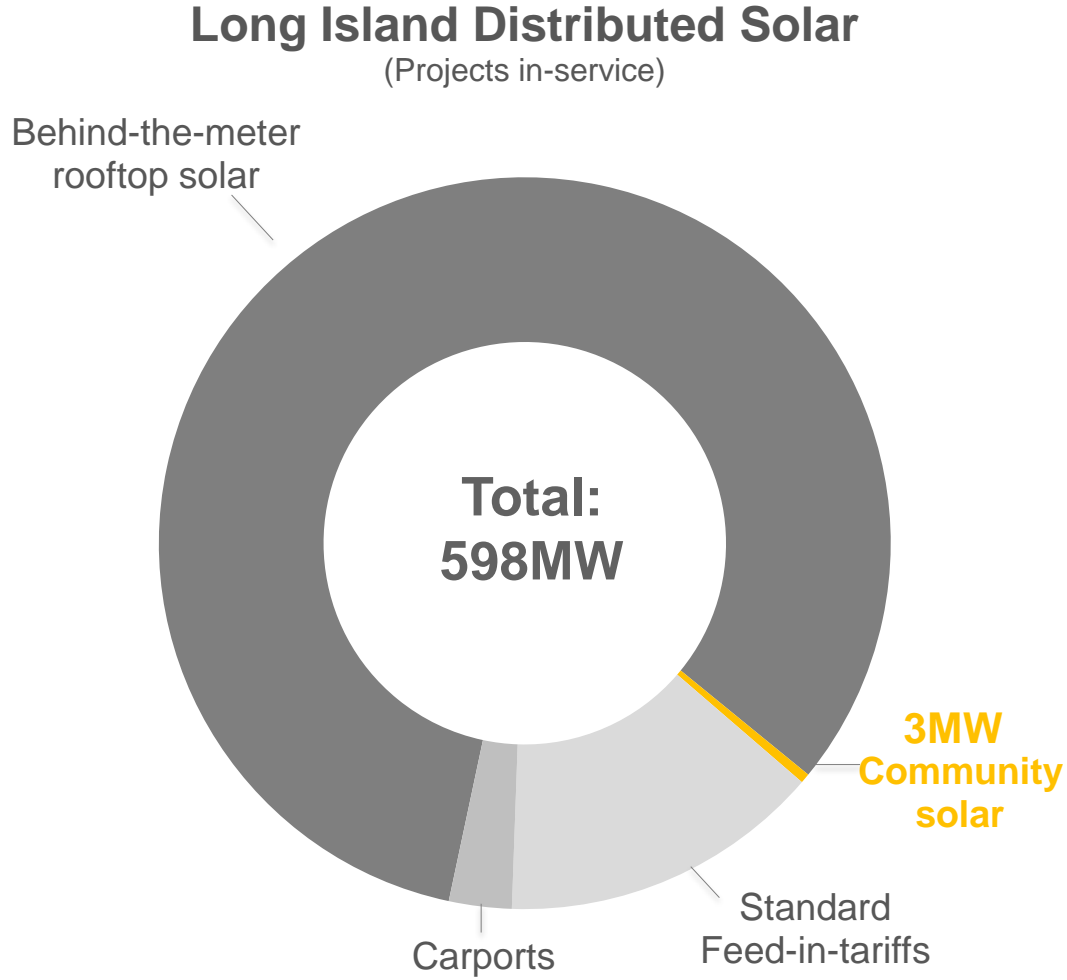
# LONG ISLAND LEADS NEW YORK IN SOLAR

**LIPA will far exceed our share of New York's 6,000MW distributed solar goal by 2025**



# GROWING LONG ISLAND COMMUNITY SOLAR

- Community solar is part of meeting NYS' distributed solar goal
- Over last two years, 3MW of LI community solar developed
- LIPA undertook a careful review of community solar project costs and incentives with industry input
- LIPA to offer new community solar programs with attractive economics for viable projects



# NEW COMMUNITY SOLAR PROPOSALS

## New incentives for VDER community solar projects

- Increase community credit to 5¢ per kWh
- Establish a “community adder” rebate of \$200/kW for projects < 750kW
- Offer PSEG Long Island consolidated billing with net crediting by January 2021 to reduce program administration costs for developers by approx. 1.5¢
- Review community credit based on FIT V auction results in Q42020

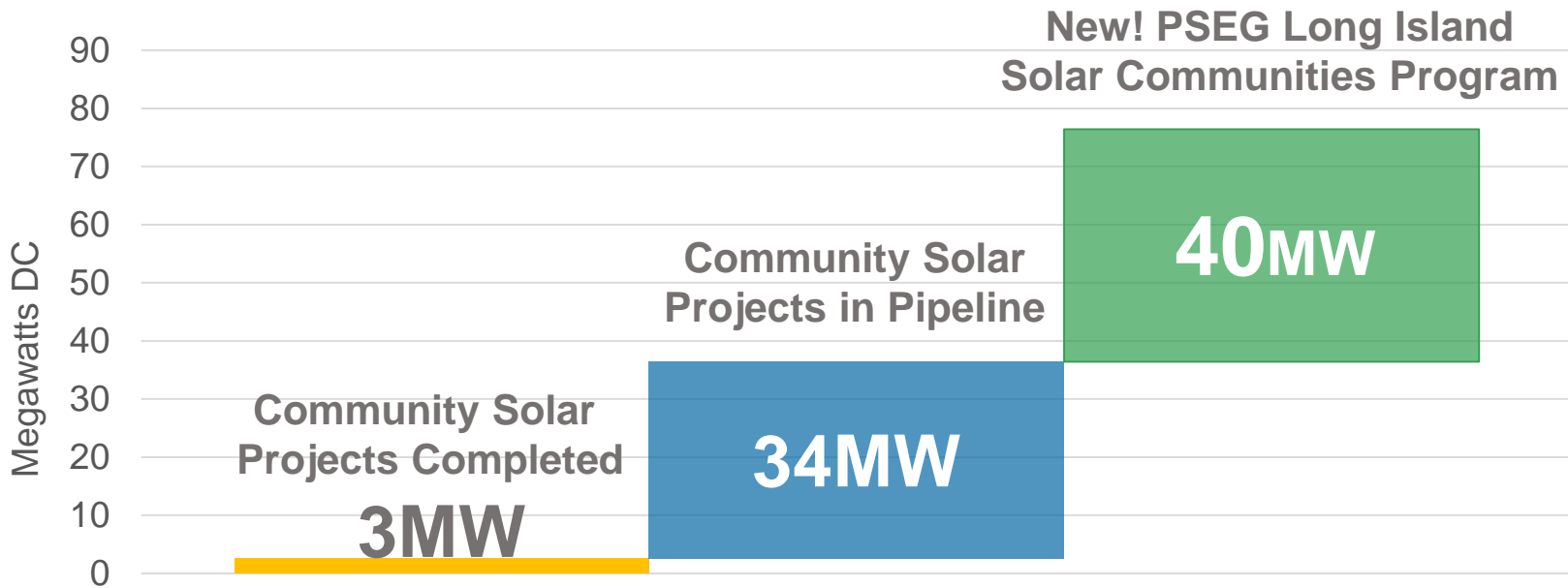
## PSEG Long Island Solar Communities

- Feed-in Tariff (FIT) V auction for 25MW DC of community solar
- First 20MW dedicated exclusively to low-and moderate-income (LMI) customers consistent with New York’s landmark climate act
- If successful, option to expand from 25MW to 40MW

**Goal:** At least double Long Island’s community solar market and provide discounts to over 3,000 low-and moderate-income customers

# GROWING LONG ISLAND COMMUNITY SOLAR

- New proposals will more than double the community solar pipeline
- **93%** of community solar capacity in the pipeline are from projects above 1MW





# PSEG LONG ISLAND SOLAR COMMUNITIES

Feed-in Tariff V will procure 25 to 40MW DC of new community solar primarily dedicated to low-income customers

- **Competitive auction for 20-year fixed price power purchase agreements**
  - Max price starts at 16.4 cents (clearing price of 200 kW to 1MW projects from FIT III)
  - Projects awarded in multi-round auction with each round set by pre-published demand curve
  - Successful bidders will be paid bid price, with lowest cost bids and smallest projects in each round selected first
  - Program cost will depend upon auction outcome – designed to achieve a MW goal rather than establish a pre-determined price
  - Projects less than 750kW eligible for \$200/kW rebate
- Program opens June 1, 2020; first awards October 2020 and quarterly thereafter
- Project sizes of 200 kW to 5MW
- First 20MW exclusively dedicated to LMI customers
- Option to expand program from 25MW to 40MW, if successful. Additional 15MW will be split between LMI and other customers
- PSEG Long Island cost of administering the program is minimal
- 7% bill savings to participating customers (on top of existing LMI discounts of \$25-\$65 per month)

# LIPA INCENTIVIZES COMMUNITY SOLAR

New

Clean Energy Programs	LIPA Cost to Purchase Clean Energy per kWh
Residential Net Metered Solar	<b>21 cents</b>
VDER small community solar (<750kW)	<b>18.5 cents</b> <i>(5-cent credit plus \$200/kW rebate)</i>
Small Solar Communities (<750kW)	<b>Up to 18.4 cents</b> <i>(auction plus \$200/kW rebate)</i>
VDER large community solar (750kW – 5MW)	<b>16.5 cents</b> <i>(VDER + 5-cent community credit)</i>
Large Solar Communities FIT auction (750kW – 5MW)	<b>Up to 16.4 cents</b> <i>(Determined by auction result)</i>
Solar FIT III (200kw to 1MW)	<b>16.4 cents</b> <i>(20MW auction closed Feb 1, 2020)</i>
VDER Long Island Power Supply + RECs	<b>11.5 cents</b>
Offshore Wind	<b>10 cents</b>

# NEXT STEPS

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- Tariff proposal and SAPA Notice publication in February
- Adjust community credit in February
- Board approval of Solar Communities FIT and <750kW rebate in May
- Bi-monthly working group with solar industry to review community solar programs
- Community solar program review at year end using FIT V auction results